UNITED NATIONS

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General Assembly

Economic and Social Council

Distr.
GENERAL

A/47/283
E/1992/83
24 June 1992

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Forty-seventh session
Item 12 of the preliminary list*
REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

ECONOMIC AND SOCIAL COUNCIL
Substantive session of 1992
Items 9 and 12 of the provisional agenda**
SPECIAL ECONOMIC, HUMANITARIAN AND DISASTER RELIEF ASSISTANCE
DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION

The unification of Yemen: support of the international community for its economic and social infrastructure

Assistance to Yemen

Report of the Secretary-General

I. INTRODUCTION

1. In its resolution 45/193 of 21 December 1990, the General Assembly, welcoming the formation of the Republic of Yemen and also realizing the difficult economic situation facing Yemen as a result of the merger of the economic and social infrastructures of the Yemen Arab Republic and the People's Democratic Republic of Yemen following their unification, in addition to the new economic and social burden resulting from the situation between Iraq and Kuwait, expressed solidarity with Yemen and called upon States and governmental and international non-governmental organizations to extend their assistance in support of the national efforts to improve the economic and social infrastructure of Yemen. In the same resolution, the Assembly requested the Secretary-General to assist in mobilizing resources and to consider developing a comprehensive programme to assess the needs of Yemen

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* A/47/50.

** E/1992/100.

resulting from the unification, in order to enable the international community to extend assistance to meet those needs; and also requested the Secretary-General to submit a report on the implementation of the resolution to the General Assembly at its forty-seventh session, through the Economic and Social Council at its second regular session of 1992.

2. In its resolution 1991/62, of 26 July 1991, the Economic and Social Council, noting that, in his report on assistance for the reconstruction and development of Yemen, 1/ the Secretary-General emphasized that the continuous assistance and support of the international community to the Government of Yemen remained essential and imperative, and noting also General Assembly resolution 45/193, urged the international community to continue to respond to United Nations resolutions concerning assistance to Yemen and requested the Secretary-General to report on the resolution to the Council at its regular session of 1992.

II. POST-UNIFICATION SITUATION

3. The principles adopted at the time of the unification of the Republic of Yemen introduced considerable changes in the way its society has been organized and managed. The multi-party democracy based on freedom of political association and freedom of the press, coupled with a preference for a market economy, touched on many aspects of life in the country, revolutionizing it quite substantially in some areas. Additionally, trying to minimize the social cost connected with unification, Yemen introduced a 30-month transitional period (till November 1992), in which some solutions and institutional arrangements were allowed to coexist pending final restructuring. All this by itself put tremendous stress on the Yemeni institutions and, in many cases, raised demand for additional funding.

4. Throughout the reporting period, two additional factors have contributed to the general pressure on resources: (a) the sudden return of approximately 850,000 Yemeni migrants from countries in the region; and (b) a sharp decrease in aid from traditional sources of assistance, which found no substitute. The political turmoil in the neighbouring African countries has been sending to Yemen an increasing group of refugees. Drought - similar to the dry spell affecting much of sub-Saharan Africa - and an earthquake are two natural disasters adding to the overall increased demand for resources.

5. The Government of Yemen has been using the transitional period, inter alia, to identify developmental priorities and to reshape the economic policy framework. Through changes in the area of exchange policy, price control and import-export regulations, a vast part of the Yemeni economy is able to treat prices as communicators of cost and indicators of demand and use them therefore for investment decisions. The new investment law was drawn up and adopted in order to facilitate and encourage domestic and foreign private investment. The Government not only encourages new private investment but has adopted a firm policy of privatization of public holdings in the manufacturing, agricultural and service sectors. A large part of interest

rates is presently regulated by the market. Despite a huge wage bill in the budget and the still substantial budget deficit, the gap has been narrowed mainly by decreased military spending and improved revenue collection.

6. The above-described positive changes in economic policy will take time to undergo further fine-tuning and start bearing a positive, invigorating effect on the economy. Right now the cost of unification, the negative effects of wars and political upheaval in the region (the Gulf and the Horn of Africa), drought and the earthquake, coupled with unsettled financial obligations inherited by the Republic of Yemen from the Yemen Arab Republic and the People's Democratic Republic of Yemen, far outweigh the available resources. Therefore, the need for financial, capital and specially technical assistance to Yemen persists.

III. MOBILIZATION OF INTERNATIONAL ASSISTANCE

A. Round-table conference

7. As part of the overall effort of redefining social and economic life in the country, as well as solidifying relations with the outside partners in development, the Republic of Yemen requested the United Nations Development Programme (UNDP) to assist in preparing and holding the first round-table conference for Yemen. This conference is scheduled to take place at Geneva on 30 June and 1 July 1992. The aim of the conference is to present in great detail the recently adopted and introduced social and economic policy as well as the developmental goals of the new country and to discuss the general and sectoral policies with the aid, trade and investment partners of Yemen. Yemen wishes to use the conference for a long-range look at its relationships and partnerships with countries and international institutions, to strike a proper balance between ties based on aid and those based on trade and investment, giving the latter ones ever-growing importance with the passing time.

8. The mechanism of the follow-up sectoral meetings, which will be organized as a result of the round-table conference, will assist the Government of Yemen and all its developmental partners to construct detailed, comprehensive capital and technical assistance programming frameworks for the key social and economic sectors. They will cover the policy and developmental goals aspect as well as, hopefully, comprehensive resource requirements and their availability.

9. The documentation prepared in connection with the round-table conference 2/ (for example, the general economic memorandum and sectoral annexes) constitutes a compendium of knowledge about Yemen's social and economic policy, developmental goals and assistance needs.

B. UNDP country programme (1992-1996)

10. The United Nations Development Programme (UNDP) approved at its May 1992 session of the Governing Council the first country programme for the Republic of Yemen. Thanks to the decisions of the June 1991 session of the Governing Council - UNDP put at the disposal of Yemen for the present financial cycle (1992-1996) technical assistance funds at the uncut level, combining the levels of resources allocated to the former Yemen Arab Republic and the former People's Democratic Republic of Yemen during the previous financial cycle.

11. The UNDP country programme for Yemen constitutes a general technical assistance programming framework, which benefited also from the programming effort of other United Nations funds and organizations (for example, the United Nations Population Fund, the United Nations Children's Fund and the World Health Organization), as well as from discussions with many interested bilateral donors. The programme recognizes that the technical assistance presently most needed by Yemen is in the area of management development, including formulation, on the basis of solid data, developmental strategies, programmes and plans, institutional restructuring, financial management and civil service reform. Human development in Yemen was also highlighted in the programme with the goal of raising dramatically the very low social indicators, expanding the medical and educational services. Environmentally sustainable development and specially development and management of the scarce water resources was also put among the priorities for future technical assistance.

Notes

1/ A/46/217-E/1991/94.

2/ The documentation is available through the Government of Yemen or through the United Nations Development Programme.